

**UNITED STATES DEPARTMENT OF AGRICULTURE**

Farm Service Agency  
Washington, DC 20250

**Notice FC-152**

**For:** State and County Offices

**Guaranteed Farm Loan Programs Loss Claim Processing**

**Approved by:** Deputy Administrator, Farm Loan Programs

*Carolyn B. Cooksey*

**1 Overview**

**A**

**Background**

The National Office has received complaints about the time it takes to pay a lender's claim after a Loan Note Guarantee Report of Loss is submitted. The FSA Guaranteed Loan Program continues to grow and, consequently, the number of loss claims and the processing time for these claims may increase.

**B**

**Purpose**

To ensure that the guaranteed loan program continues to be effective, it is essential that timely and courteous service be provided to lenders who have submitted a Loan Note Guarantee Report of Loss under the terms of their Loan Note Guarantee or Contract of Guarantee.

This notice provides general guidance and policy regarding the processing of guaranteed loan loss claims.

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**Contact**

For questions regarding this notice, contact the Guaranteed Loan Servicing and Inventory Property Branch, LSPMD.

**Disposal Date**

October 1, 1998

**Distribution**

State Offices; State Offices relay to County  
Offices

11-5-97

## 2 Action

### A Initial Notifications of Deficient Claim

State and County Offices shall:

- review and make a determination on a lender's request for a loss payment as soon as possible
- work with lenders to explain program authorities to expedite loss claim approval
- request, in writing, that the lender correct specified deficiencies in loss cases before rejecting the request.

The Agency shall take action on a loss claim within 30 calendar days from the date the claim is received from the lender. At a minimum, this action will be to notify the lender of the status of their loss claim. This 30-day requirement will not supersede State procedures which have earlier notification requirements. SED's shall establish procedures for reviewing loss claims that will include the following:

- the extent of the review to be conducted by the County Office
- State policy regarding how County Offices will return the claim to the lender or forward the file to the State with or without a recommendation.

When deficiencies are noted in the preparation or documentation of a loss claim, the FSA reviewing official shall:

- document the deficiencies and contact the lender by telephone
- explain concerns and request that the lender submit additional documentation within a reasonable timeframe.

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## Notice FC-152

### 2 Action (Continued)

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#### A

##### **Initial Notifications of Deficient Claim (Continued)**

The reviewing office shall send a letter to the lender outlining what is required for approval, or recommendation for approval, of the lender's loss claims. Allow the lender reasonable time to resubmit the claim with the necessary documentation. If the lender does not provide the additional documentation, SED shall:

- reject the Loan Note Guarantee Report of Loss
- provide reasons for the rejection
- provide appeal rights.

Reviewers shall document communications regarding the loss claim, in writing, in the applicable State or county borrower case file, including any discussions with the following:

- the lender
- the borrower
- the borrower's representative
- other FSA officials.

The reasons for exceeding the processing time limits provided in this notice shall be documented in each case.

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#### B

##### **Monitoring Loss Claim Reviews**

Each State shall monitor loss claim processing by tracking, at a minimum, the date that the:

- claim was submitted to the county or local office, if applicable
- files were received in the State Office
- calls or letters requesting additional information were made or sent to the lender
- lender provided additional information or documentation requested by the Agency, if applicable
- claim was approved or rejected.

State Offices shall be prepared to provide this information to the National Office upon request.

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